



ANNUAL STATEMENT
For the Year Ending December 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
McLAREN HEALTH PLAN, INC

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code	95848	Employer's ID Number	383383640
Organized under the Laws of	Michigan		State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated	09/12/1997		Commenced Business	08/01/1998		
Statutory Home Office	G-3245 Beecher Rd. (Street and Number)		FLINT, MI 48532 (City, or Town, State and Zip Code)			
Main Administrative Office			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI 48532 (City or Town, State and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Mail Address	G-3245 Beecher Rd. (Street and Number or P.O. Box)		FLINT, MI 48532 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			G-3245 Beecher Rd. (Street and Number)			
	FLINT, MI 48532 (City, or Town, State and Zip Code)		(810)733-9723 (Area Code) (Telephone Number)			
Internet Website Address	www.mclarenhealthplan.org					
Statutory Statement Contact	CHERYL WESTOBY (Name)		(810)733-9723 (Area Code)(Telephone Number)(Extension)			
	cherylwe@mclaren.org (E-Mail Address)		(810)733-9652 (Fax Number)			
Policyowner Relations Contact			G-3245 Beecher Rd. (Street and Number)			
	Flint, MI 48532 (City, or Town, State and Zip Code)		(888)327-0671 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
KATHY KENDALL	President
TOM DONALDSON	Chairman
DENNIS KRZEMINSKI	Secretary
RICK WYLES	Treasurer

OTHERS

JEFF ASH, Chief Financial Officer

DIRECTORS OR TRUSTEES

KATHY KENDALL	RICK WYLES
TOM DONALDSON	RONALD SHAHEEN D.O.
DENNIS KRZEMINSKI	VICKIE RAMEY
BARBARA VANDERSON	BRENDA KAISER
KEVIN TOMPKINS	

State of Michigan
County of Genesee ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) KATHY KENDALL (Printed Name) President (Title)	(Signature) DENNIS KRZEMINSKI (Printed Name) Secretary (Title)	(Signature) JEFF ASH (Printed Name) Chief Financial Officer (Title)
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Subscribed and sworn to before me this day of , 2005	a. Is this an original filing? b. If no, 1. State the amendment number 2. Date filed 3. Number of pages attached	Yes[X] No[]
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(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)				
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks	1,043,212		1,043,212	1,030,685
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)	3,027,766		3,027,766	3,098,504
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$.....22,661,972 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA)	22,661,972		22,661,972	17,706,580
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets	3,310,233	3,300,822	9,411	0
10.	Subtotals, cash and invested assets (Lines 1 to 9)	30,043,184	3,300,822	26,742,361	21,835,768
11.	Investment income due and accrued	23,428		23,428	3,111
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection				
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers	55,690		55,690	74,727
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans				
15.1	Current federal and foreign income tax recoverable and interest thereon				
15.2	Net deferred tax asset				
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software	372,029		372,029	69,086
18.	Furniture and equipment, including health care delivery assets (\$.....)	356,452	160,403	196,049	381,120
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates	333,500		333,500	456,425
21.	Health care (\$.....1,180,377) and other amounts receivable	1,182,801		1,182,801	235,250
22.	Other assets nonadmitted	51,836	51,836	0	
23.	Aggregate write-ins for other than invested assets				4,874
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	32,418,919	3,513,062	28,905,858	23,060,362
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	32,418,919	3,513,062	28,905,858	23,060,362
DETAILS OF WRITE-INS					
0901.	CAPITAL CONTRIBUTION	89,136	89,136		0
0902.	INTANGIBLE ASSET - THE WELLNESS PLAN	3,202,664	3,202,664	0	
0903.	INTANGIBLE ASSET - PENSION	9,022	9,022		
0998.	Summary of remaining write-ins for Line 9 from overflow page	9,411		9,411	
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	3,310,233	3,300,822	9,411	0
2301.	Other Admitted Assets				4,874
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)				4,874

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)	9,876,796		9,876,796	7,065,726
2.	Accrued medical incentive pool and bonus amounts	2,208,901		2,208,901	1,607,757
3.	Unpaid claims adjustment expenses	477,436		477,436	103,908
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	402,257		402,257	761,994
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others	14,133		14,133	284,692
13.	Remittance and items not allocated				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	639,226		639,226	531,461
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans				
21.	Aggregate write-ins for other liabilities (including \$..... current)	289,846		289,846	705,663
22.	Total liabilities (Lines 1 to 21)	13,908,595		13,908,595	11,061,202
23.	Common capital stock	X X X	X X X		
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X	1,140,000	1,140,000
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	13,857,262	10,859,159
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	14,997,262	11,999,159
31.	Total Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	28,905,857	23,060,361
DETAILS OF WRITE-INS					
2101.	PAYABLE FOR QAAP				705,663
2102.	ACCRUED PENSION	289,846		289,846	
2103					
2198.	Summary of remaining write-ins for Line 21 from overflow page				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	289,846		289,846	705,663
2701		X X X	X X X		
2702		X X X	X X X		
2703		X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X	435,119	307,551
2.	Net premium income (including \$..... non-health premium income)	X X X	75,879,960	50,087,235
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X	(4,105,104)	(931,727)
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	71,774,856	49,155,508
Hospital and Medical:				
9.	Hospital/medical benefits		44,566,859	27,897,909
10.	Other professional services		921,450	690,630
11.	Outside referrals			
12.	Emergency room and out-of-area		3,685,800	2,260,759
13.	Prescription drugs		11,183,802	8,836,568
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		60,357,912	39,685,865
Less:				
17.	Net reinsurance recoveries		579,129	164,135
18.	Total hospital and medical (Lines 16 minus 17)		59,778,783	39,521,730
19.	Non-health claims			
20.	Claims adjustment expenses, including \$.....95,487 cost containment expenses		477,436	446,730
21.	General administrative expenses		5,226,488	3,276,019
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		65,482,707	43,244,478
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	6,292,149	5,911,029
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		64,376	12,505
26.	Net realized capital gains (losses)			
27.	Net investment gains (losses) (Lines 25 plus 26)		64,376	12,505
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses		(1,754)	
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	6,354,770	5,923,534
31.	Federal and foreign income taxes incurred	X X X		
32.	Net income (loss) (Lines 30 minus 31)	X X X	6,354,770	5,923,534
DETAILS OF WRITE-INS				
0601.	OTHER HEALTH CARE RELATED REVENUE	X X X	3,795	948,374
0602.	QAAP TAX	X X X	(4,108,899)	(1,880,101)
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X	(4,105,104)	(931,727)
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401	.....		
1402	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.	LOSS ON SALE OF EQUIPMENT		(1,754)	
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)		(1,754)	

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	11,999,159	6,302,883
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	6,354,770	5,923,534
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses	54,817	(125,681)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(3,411,487)	(101,576)
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	2,998,101	5,696,278
49.	Capital and surplus end of reporting year (Line 33 plus 48)	14,997,261	11,999,160
DETAILS OF WRITE-INS			
4701	.....	
4702	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	75,879,960	50,413,739
2.	Net investment income	(315,678)	418,721
3.	Miscellaneous income	(5,052,655)	(327,478)
4.	Total (Lines 1 through 3)	70,511,627	50,504,982
5.	Benefit and loss related payments	58,334,434	41,220,689
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	5,691,888	3,101,961
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)		
10.	Total (Lines 5 through 9)	64,026,322	44,322,650
11.	Net cash from operations (Line 4 minus 10)	6,485,306	6,182,331
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds		
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	148,412	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	148,412	
13.	Cost of investments acquired (long-term only):		
13.1	Bonds		
13.2	Stocks	12,528	12,068
13.3	Mortgage loans		
13.4	Real estate	77,674	3,154,979
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	90,202	3,167,047
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	58,210	(3,167,047)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,588,124)	252,378
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,588,124)	252,378
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	4,955,392	3,267,663
19.	Cash and short-term investments:		
19.1	Beginning of year	17,706,580	14,438,917
19.2	End of year (Line 18 plus Line 19.1)	22,661,972	17,706,580

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income	75,879,960							75,879,960					
2.	Change in unearned premium reserves and reserve for rate credit ..													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues	(4,105,104)							(4,105,104)					X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6)	71,774,856							71,774,856					
8.	Hospital/medical benefits	44,566,859							44,566,859					X X X
9.	Other professional services	921,450							921,450					X X X
10.	Outside referrals													X X X
11.	Emergency room and out-of-area	3,685,800							3,685,800					X X X
12.	Prescription drugs	11,183,802							11,183,802					X X X
13.	Aggregate write-ins for other hospital and medical													X X X
14.	Incentive pool, withhold adjustments and bonus amounts													X X X
15.	Subtotal (Lines 8 to 14)	60,357,912							60,357,912					X X X
16.	Net reinsurance recoveries	579,129							579,129					X X X
17.	Total hospital and medical (Lines 15 minus 16)	59,778,783							59,778,783					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....95,487 cost containment expenses	477,436							477,436					
20.	General administrative expenses	5,226,488							5,226,488					
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22)	65,482,707							65,482,707					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	6,292,149							6,292,149					
DETAILS OF WRITE-INS														
0501.	Other Health Care Related Revenue	3,795							3,795					X X X
0502.	QAAP TAX	(4,108,899)							(4,108,899)					X X X
0503														X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page													X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	(4,105,104)							(4,105,104)					X X X
0601			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603			X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301														X X X
1302														X X X
1303														X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)													X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	76,390,202	.....	510,243	75,879,960
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11)	76,390,202	.....	510,243	75,879,960
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14)	76,390,202	.....	510,243	75,879,960

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	57,546,842							57,546,842					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded	65,147							65,147					
	1.4 Net	57,481,695							57,481,695					
2.	Paid medical incentive pools and bonuses	1,656,737							1,656,737					
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct	9,876,796							9,876,796					
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net	9,876,796							9,876,796					
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year	2,208,901							2,208,901					
6.	Amounts recoverable from reinsurers December 31, current year	55,690							55,690					
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct	7,065,726							7,065,726					
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net	7,065,726							7,065,726					
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year	1,607,757							1,607,757					
10.	Amounts recoverable from reinsurers December 31, prior year	74,727							74,727					
11.	Incurred benefits:													
	11.1 Direct	60,357,912							60,357,912					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded	46,110							46,110					
	11.4 Net	60,311,802							60,311,802					
12.	Incurred medical incentive pools and bonuses	2,257,881							2,257,881					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct	6,123,614							6,123,614					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	6,123,614							6,123,614					
2.	Incurred but Unreported:													
	2.1 Direct	3,753,182							3,753,182					
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net	3,753,182							3,753,182					
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct	9,876,796							9,876,796					
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net	9,876,796							9,876,796					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical)						
2.	Medicare Supplement						
3.	Dental only						
4.	Vision only						
5.	Federal Employees Health Benefits Plan						
6.	Title XVIII - Medicare						
7.	Title XIX - Medicaid	5,882,732	48,827,099	34,289	9,842,507	5,917,021	7,065,726
8.	Other health						
9.	Health subtotal (Lines 1 to 8)	5,882,732	48,827,099	34,289	9,842,507	5,917,021	7,065,726
10.	Other non-health						
11.	Medical incentive pool and bonus amounts	1,607,757	48,980		2,208,901	1,607,757	1,607,757
12.	TOTALS (Lines 9 to 11)	7,490,489	48,876,079	34,289	12,051,408	7,524,778	8,673,483

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	1,980	19			
2.	2000	13,070	2,802	74		
3.	2001	X X X	16,392	7,301	42	
4.	2002	X X X	X X X	22,517	6,409	
5.	2003	X X X	X X X	X X X	33,669	7,490
6.	2004	X X X	X X X	X X X	X X X	48,876

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000					
3.	2001	X X X	27,584		42	
4.	2002	X X X	X X X	38,954	6,426	
5.	2003	X X X	X X X	X X X	42,325	7,525
6.	2004	X X X	X X X	X X X	X X X	60,927

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000		15,946			15,946				15,946	
2.	2001		23,735			23,735				23,735	
3.	2002	36,118	28,926	142	0.491	29,068	80.481		142	29,210	80.874
4.	2003	50,979	41,159	343	0.833	41,502	81.410	34	104	41,640	81.681
5.	2004	76,390	48,876	477	0.976	49,353	64.607	12,051	477	61,881	81.007

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	1,980	19			
2.	2000	13,070	2,802	74		
3.	2001	X X X	16,392	7,301	42	
4.	2002	X X X	X X X	22,517	6,409	
5.	2003	X X X	X X X	X X X	33,669	7,490
6.	2004	X X X	X X X	X X X	X X X	48,876

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000					
3.	2001	X X X	27,584		42	
4.	2002	X X X	X X X	38,954	6,426	
5.	2003	X X X	X X X	X X X	42,325	7,525
6.	2004	X X X	X X X	X X X	X X X	60,927

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000		15,946			15,946				15,946	
2.	2001		23,735			23,735				23,735	
3.	2002	36,118	28,926	142	0.491	29,068	80.481		142	29,210	80.874
4.	2003	50,979	41,159	343	0.833	41,502	81.410	34	104	41,640	81.681
5.	2004	76,390	48,876	477	0.976	49,353	64.607	12,051	477	61,881	81.007

12 Title XIX-Medicaid

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other NONE

13 Underwriting Invest Exh Pt 2D - A & H Reserve NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....345,210 for occupancy of own building)				345,210	345,210
2.	Salaries, wages and other benefits	41,208	164,830	2,255,492		2,461,530
3.	Commissions (less \$..... ceded plus \$..... assumed)					
4.	Legal fees and expenses					
5.	Certifications and accreditation fees	236	944	12,919		14,099
6.	Auditing, actuarial and other consulting services	640	2,560	35,036		38,236
7.	Traveling expenses	348	1,391	19,028		20,766
8.	Marketing and advertising	3,221	12,884	176,305		192,410
9.	Postage, express and telephone	6,170	24,680	337,713		368,563
10.	Printing and office supplies	6,157	24,630	337,027		367,814
11.	Occupancy, depreciation and amortization					
12.	Equipment	260	1,040	14,233		15,533
13.	Cost or depreciation of EDP equipment and software	8,765	35,059	479,736		523,559
14.	Outsourced services including EDP, claims, and other services	16,225	64,900	888,074		969,199
15.	Boards, bureaus and association fees	490	1,960	26,817		29,267
16.	Insurance, except on real estate	181	726	9,932		10,839
17.	Collection and bank service charges	1,060	4,242	58,044		63,347
18.	Group service and administration fees					
19.	Reimbursements by uninsured accident and health plans					
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses				235,863	235,863
22.	Real estate taxes				12,526	12,526
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes					
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes					
23.5	Other (excluding federal income and real estate taxes)					
24.	Investment expenses not included elsewhere					
25.	Aggregate write-ins for expenses	10,526	42,103	576,132		628,761
26.	Total expenses incurred (Lines 1 to 25)	95,487	381,949	5,226,488	593,599	(a) 6,297,523
27.	Less expenses unpaid December 31, current year		477,436	402,257		879,693
28.	Add expenses unpaid December 31, prior year		103,908	761,994		865,902
29.	Amounts receivable relating to uninsured accident and health plans, prior year					
30.	Amounts receivable relating to uninsured accident and health plans, current year					
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	95,487	8,421	5,586,225	593,599	6,283,732
DETAILS OF WRITE-INS						
2501.	GENERAL & ADMINISTRATIVE	10,526	42,103	576,132		628,761
2502	.....				
2503	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)	10,526	42,103	576,132		628,761

(a) Includes management fees of \$.....886,044 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....	
1.1	Bonds exempt from U.S. tax	(a).....	
1.2	Other bonds (unaffiliated)	(a).....	
1.3	Bonds of affiliates	(a).....	
2.1	Preferred stocks (unaffiliated)	(b).....	
2.11	Preferred stocks of affiliates	(b).....	
2.2	Common stocks (unaffiliated)	12,528	13,413
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c).....	
4.	Real estate	(d)..... 642,491	649,842
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e)..... 127,682	143,132
7.	Derivative instruments	(f).....	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	782,700	806,387
11.	Investment expenses		(g)..... 593,599
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i)..... 148,412
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		742,011
17.	Net Investment income (Line 10 minus Line 16)		64,376
DETAILS OF WRITE-INS			
0901	.....	
0902	.....	
0903	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)		
1501	.....	
1502	.....	
1503	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above)		
(a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$.....345,210 for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$.....148,412 depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds				
1.1	Bonds exempt from U.S. tax				
1.2	Other bonds (unaffiliated)				
1.3	Bonds of affiliates				
2.1	Preferred stocks (unaffiliated)				
2.11	Preferred stocks of affiliates				
2.2	Common stocks (unaffiliated)				
2.21	Common stocks of affiliates				
3.	Mortgage loans				
4.	Real estate				
5.	Contract loans				
6.	Cash, cash equivalents and short-term investments				
7.	Derivative instruments				
8.	Other invested assets				
9.	Aggregate write-ins for capital gains (losses)				
10.	Total capital gains (losses)				
DETAILS OF WRITE-INS					
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above)				

NONE

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied by the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivable for securities			
9.	Aggregate write-ins for invested assets	3,300,822	34,319	(3,266,503)
10.	Subtotals, cash and invested assets (Lines 1 to 9)	3,300,822	34,319	(3,266,503)
11.	Invested income due and accrued			
12.	Premium and considerations:			
12.1	Uncollected premiums and agents' balances in the course of collection			
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
12.3	Accrued retrospective premiums			
13.	Reinsurance:			
13.1	Amounts recoverable from reinsurers			
13.2	Funds held by or deposited with reinsured companies			
13.3	Other amounts receivable under reinsurance contracts			
14.	Amounts receivable relating to uninsured plans			
15.1	Current federal and foreign income tax recoverable and interest thereon			
15.2	Net deferred tax asset			
16.	Guaranty funds receivable or on deposit			
17.	Electronic data processing equipment and software			
18.	Furniture and equipment, including health care delivery assets	160,403	67,256	(93,147)
19.	Net adjustment in assets and liabilities due to foreign exchange rates			
20.	Receivable form parent, subsidiaries and affiliates			
21.	Health care and other amounts receivable			
22.	Other assets nonadmitted	51,836		(51,836)
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	3,513,062	101,575	(3,411,487)
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	3,513,062	101,575	(3,411,487)
DETAILS OF WRITE-INS				
0901.	CAPITAL CONTRIBUTION	89,136	34,319	(54,817)
0902.	INTANGIBLE ASSET - THE WELLNESS PLAN	3,202,664		(3,202,664)
0903.	INTANGIBLE ASSET - PENSION	9,022		(9,022)
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	3,300,822	34,319	(3,266,503)
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations	29,464	32,262	34,004	34,754	46,495	435,119
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business						
7.	TOTAL	29,464	32,262	34,004	34,754	46,495	435,119
DETAILS OF WRITE-INS							
0601	.....					
0602	.....					
0603	.....					
0698.	Summary of remaining write-ins for Line 6 from overflow page						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)						

Notes to Financial Statement

McLaren Health Plan, Inc
December 31, 2004

1. Summary of Significant Accounting Policies

- A. The financial statements of McLaren Health Plan are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial and Insurance Services. The statements have been completed in accordance with NAIC Accounting Practices and Procedures manual except to the extent that Michigan law differs.
- B. Preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures manual requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates exist relating to accrued health care costs. These estimates are actuarially determined and represent the Plan's best estimate of the level of claims to be paid applicable to 2004 or prior periods. Any future adjustments to these amounts will affect the reported results in the future periods.
- C.
 - (1) Short-term investments are all highly liquid investments purchased with an original maturity of three months or less are treated as cash equivalents. Stated at market value.
 - (2) Bonds: None
 - (3) Common Stock: Statutory deposit held in a Trust Indenture with Bank One, the Michigan Insurance Bureau and the Plan in short-term Money Market Funds (these do not meet the Exempt test). Stated at market value.
 - (4) Preferred Stock: None
 - (5) Mortgage Loans: None
 - (6) Loan-Backed Securities: None
 - (7) Investments in Subsidiaries, Controlled and Affiliated Companies: The Plan is the Parent Corporation of Health Advantage, Inc., a licensed Michigan TPA. The Plan carries Health Advantage, Inc., at GAAP equity.
 - (8) Investments in Joint Ventures, Partnerships, and Limited Liability Companies: None
 - (9) Derivatives: None
 - (10) Anticipated investment income is not a factor in the premium deficiency calculation.
 - (11) Estimates of Liabilities for losses and loss/claim adjustment expenses are made by our independent actuary and are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principals, are based on actuarial assumptions relevant to contract provisions, and include appropriate provision for all actuarial terms that ought to be established.

Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss/lag reports, based on past experience, for losses incurred but not reported. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

- (12) Capitalization policy and the resultant predefined thresholds did not change from the prior period.

2. Accounting Changes and Corrections of Errors

- A. Material changes in accounting principles and/or correction of errors.
None.
- B. Effect of changes in accounting principles as a result of the initial implementation of Codification: None.

Notes to Financial Statement

- 3. Business Combinations and Goodwill
None

- 4. Discontinued Operations
None

- 5. Investments
 - A. Mortgage Loans, including Mezzanine Real Estate Loans: None
 - B. Debt Restructuring: None
 - C. Reverse Mortgages: None
 - D. Loan-Backed Securities: None
 - E. Repurchase Agreements: None
 - F. Real Estate: None

- 6. Joint Ventures, Partnerships and Limited Liability Companies
None

- 7. Investment Income
Non admitted / Excluded = None

- 8. Derivative Investments
None

- 9. Income Taxes
None (Plan was awarded tax-exempt status by the IRS beginning 1/1/2000)

- 10. Information Concerning Parent, Subsidiaries and Affiliates
 - A. McLaren Health Care Corporation (MHCC), a Michigan non-profit corporation and holding company of various health care entities, is the sole parent of McLaren Health Plan and provided to McLaren Health Plan Gross paid in and contributed surplus of \$1,140,000.
McLaren Regional Medical Center (MRMC).
Provider HealthNet Services (PHNS).
 - B. Transactions: None
 - C. Transactions: None
 - D. Due from Affiliates: \$333,500: amounts due from affiliate for administrative services and information system operations support. The amounts are settled quarterly.
Due to Affiliates: \$639,226: amounts due to affiliate per contract for various administrative support, including personnel and information system operations support. The amounts are settled quarterly.
 - E. Guarantees or undertakings: None
 - F. Management Agreements between: (1) McLaren Health Plan and McLaren Health Care Corporation: McLaren Health Care Corporation agrees to provide certain operational services and other resources to McLaren Health Plan.
 - (2) McLaren Health Plan and MRMC: MRMC agrees to provide certain accounting / resource services to McLaren Health Plan.
 - (3) McLaren Health Plan and PHNS: PHNS agrees to provide certain information technology and telephony services to McLaren Health Plan.
 - G. Control relationship: None
 - H. Upstream/downstream activity: None
 - I. Investment in SCA: None
 - J. Investments in impaired SCA: None

- 11. Debt
None

Notes to Financial Statement

12. Retirement Plans, Deferred Compensation, Post employment Benefits and Compensated Absences and Other Postretirement Benefit Plans
 - A. Defined Benefit Plan
See D Below
 - B. Defined Contribution Plans:
McLaren Health Plan employees hired on or after October 1, 2004 will be covered by a qualified defined contribution pension plan sponsored by McLaren Health Plan. Vesting period for contribution matching by McLaren Health Plan is 2 years. To date no Company contributions have been made.
 - C. Multiemployer Plans: None
 - D. Consolidated/Holding Company Plans:
McLaren Health Plan is a wholly owned subsidiary of McLaren Health Care Corporation, which sponsors a defined benefit pension plan covering substantially all of McLaren Health Plan associates. The benefits under the plan are based on years of service and the employee's termination of employment. The funding policy is to contribute annually an amount in accordance with the standards of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only the benefits attributed to services to date, but also those expected to be earned in the future. The Plan's 2004 pension expense amount was \$213,008.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations
 - (1) Capital stock: None
 - (2) Preferred stock: None
 - (3) Dividend restrictions: The Commissioner (State of Michigan) shall consider the following factors regarding dividends:
 - (a.) The adequacy of the level of surplus as regards policyholders remaining after the dividend payment(s);
 - (b.) The quality of the Plan's earnings and the extent to which the reported earnings include extraordinary items, such as surplus relief insurance transactions and reserve destrengthening;
 - (c.) The quality and liquidity of investments in subsidiaries;
 - (d.) If the Commissioner determines that the Plan's surplus as regards policyholders is not reasonable in relation to the Plan's outstanding liabilities and is not adequate to its financial needs, the commissioner shall limit or disallow the payment of shareholder dividends.
 - (e.) Dividends shall be declared or paid only from earned surplus, unless approved by the Commissioner.
 - (4) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
 - (5) Restrictions placed on surplus: None
 - (6) Advances of surplus not paid: None
 - (7) Amount of stock held for special purposed: None
 - (8) Special surplus funds: None
 - (9) Unassigned funds (surplus) represented or reduced: None
 - (10) Surplus notes: None
 - (11) Quasi-reorganization: None
 - (12) Quasi-reorganization: None
14. Contingencies
 - A. Contingent Commitments

Notes to Financial Statement

None

B. Assessments

None

C. Gain Contingencies: None

D. All Other Contingencies

The Plan is susceptible to various legal actions related to Plan activities. Management is of the opinion that no litigation matters are outstanding or pending that will have a material effect on its financial position or results of operations.

15. Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. Transfers of Receivables Reported as Sales. None.
- B. Transfer and Servicing of Financial Assets. None
- C. Wash Sales. None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

None

20. September 11 Events

- 1. Nature and amounts of losses. None
- 2. Contingencies resulting from September 11. None
- 3. Applicable disclosures related to risks and uncertainties pursuant to SSAP No. 1. None
- 4. Applicable disclosures about environmental obligations (and recoveries) pursuant to paragraphs 152, 153, 157, 158 & 159 of AICPA Statement of Position 96-1. None.

21. Other Items

- A. Extraordinary Items
 - None
- B. Troubled Debt Restructuring: Debtors. None
- C. Other Disclosures. None
- D. Balance uncollectible for assets covered by SSAP No. 6. None
- E. Business Interruption Insurance Recoveries. None

22. Events Subsequent

The Plan had no events occurring subsequent to the close of the books or accounts for this statement that may have a material effect on the financial condition of the Plan.

23. Reinsurance

- A. Ceded Reinsurance Report
 - Section 1-General Interrogatories
 - (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the

Notes to Financial Statement

company or by any representative, officer, trustee, or director of the company? No.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? No.

Section 2 - Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit? No.
- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? No.

Section 3 - Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business in making this estimate. \$55,690.
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement? No.

- B. Uncollectible Reinsurance
None
- C. Commutation of Ceded Reinsurance
None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination
None

25. Change in Incurred Claims and Claim Adjustment Expenses None

26. Intercompany Pooling Arrangements None

27. Structured Settlements Not Applicable

28. Health Care Receivables
A. Pharmacy Rebate – The Health Plan is entitled to receive rebates, per the Michigan Medicaid contract with the Health Plan, from the State of Michigan for psychotropics paid for by the Health Plan but covered by the State. That amount for December was \$258,024.58.
Pharmacy manufacturer rebate receivable:

Quarter	A/R	Confirmed	Received with in		
			90 days	91-180 days	>180 days
12/31/2004	\$104,915	\$104,915	\$0	\$0	\$104,915
09/30/2004	\$0				
06/30/2004	\$0				

Notes to Financial Statement

03/30/2004	\$0
12/31/2003	\$0
09/30/2003	\$0
06/30/2003	\$0
03/31/2003	\$0
12/31/2003	\$0
09/30/2003	\$0
06/30/2003	\$0
03/31/2003	\$0

B. Risk Sharing Receivables - None

29. Participating Policies None
30. Premium Deficiency Reserves None
31. Anticipated Salvage and Subrogation None

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities				
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA or FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated	1,043,212	3.901	1,043,212	3.901
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company	3,027,766	11.322	3,027,766	11.322
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	22,661,972	84.742	22,661,972	84.742
9.	Other invested assets	9,411	0.035	9,411	0.035
10.	Total invested assets	26,742,361	100.000	26,742,361	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Michigan
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2003
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

01/27/2005
- 3.4 By what department or departments?
MICHIGAN OFFICE OF FINANCIAL & INSURANCE SERVICES
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PLANTE AND MORAN LLP, 1111 MICHIGAN AVE. EAST LANSING MI 48823
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
THOMAS M SKURAT, F.S.A., M.A.A.A.-NiiS/APEX GROUP HOLDINGS INC. 125-310 VILLAGE BOULEVARD, PRINCETON, NEW JERSEY 08540 CONSULTING
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[] No[X]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

GENERAL INTERROGATORIES (Continued)
FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers

15.12 To stockholders not officers

15.13 Trustees, supreme or grand (Fraternal only)

\$ 0
\$ 0
\$ 0

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers

15.22 To stockholders not officers

15.23 Trustees, supreme or grand (Fraternal only)

\$ 0
\$ 0
\$ 0

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

16.22 Borrowed from others

16.23 Leased from others

16.24 Other

\$
\$
\$
\$

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment

17.22 Amount paid as expenses

17.23 Other amounts paid

\$
\$
\$

INVESTMENT

18. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	XXX	XXX	XXX

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[X] No[]

19.2 If no, give full and complete information, relating thereto:

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[] No[] N/A[X]

If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
BANK ONE, TREASURY MANAGEMENT SERVICES	611 WOODWARD AVE, DETROIT MI 48226

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year?

Yes[] No[X]

GENERAL INTERROGATORIES (Continued)

23.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....

23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[] No[X]

24.2 If yes, complete the following schedule:

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
24.2999 Total .....	.....	.....

24.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....

25 Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over statement (+)
25.1 Bonds
25.2 Preferred stocks
25.3 Totals

25.4 Describe the sources of methods utilized in determining the fair values

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed?

Yes[X] No[]

26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 26,817

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1	2
Name	Amount Paid
MICHIGAN ASSOCIATION OF HEALTH PLANS .....	..... 26,817

28.1 Amount of payments for legal expenses, if any?

\$..... 12,016

28.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
PAYNE, PAYNE, BRODER & FOSSEE PC .....	..... 11,057

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$.....

29.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	75,879,960	50,087,235
2.2	Premium Denominator	75,879,960	50,087,235
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator	2,208,901	1,607,757
2.5	Reserve Denominator	12,085,697	8,673,483
2.6	Reserve Ratio (2.4 / 2.5)	0.183	0.185

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):
- 5.31 Comprehensive Medical

\$ 187,500
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

ALL ABOVE TOPICS ARE INCLUDED IN ALL PROVIDER CONTRACTS WITH LANGUAGE APPROVED BY THE MICHIGAN OFFICE OF FINANCE & INSURANCE
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 2043
- 8.2 Number of providers at end of reporting year

..... 2081
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]
- 10.2 If yes:
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$ 2,208,901
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.

MICHIGAN
- 11.4 If yes, show the amount required.

\$ 3,055,608
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.

76,390,202 X .04

12. List service areas in which the reporting entity is licensed to operate:

GENERAL INTERROGATORIES (Continued)

1
Name of Service Area
ARENAC COUNTY
BAY COUNTY
CLINTON COUNTY
CRAWFORD COUNTY
EATON COUNTY
INGHAM COUNTY
GENESSEE COUNTY
GRATIOT COUNTY
LAPEER COUNTY
OGEMAW COUNTY
OSCODA COUNTY
ROSCOMMON COUNTY
SAGINAW COUNTY
SHIAWASSEE COUNTY
TUSCOLA COUNTY

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	28,905,858	23,060,362	16,998,566	13,368,604	5,698,307
2. Total liabilities (Page 3, Line 22)	13,908,595	11,061,202	10,695,684	9,897,793	4,182,327
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 30)	14,997,262	11,999,159	6,302,883	3,470,812	1,515,981
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	71,774,856	49,155,508	35,445,114	28,368,975	17,899,615
6. Total medical and hospital expenses (Line 18)	59,778,783	39,521,730	29,939,395	24,564,563	16,602,815
7. Claims adjustment expenses (Line 20)	477,436	446,730			
8. Total administrative expenses (Line 21)	5,226,488	3,276,019	1,798,627	1,406,298	1,403,374
9. Net underwriting gain (loss) (Line 24)	6,292,149	5,911,029	2,650,756	1,736,326	343,988
10. Net investment gain (loss) (Line 27)	64,376	12,505	181,315	218,505	249,751
11. Total other income (Lines 28 plus 29)	(1,754)				
12. Net income or (loss) (Line 32)	6,354,770	5,923,534	2,832,071	1,954,831	593,739
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	14,997,262	11,999,159	6,302,883	3,470,812	1,515,981
14. Authorized control level risk-based capital	2,742,889	2,078,865	1,631,693	1,427,455	995,944
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	46,495	29,464	20,830	15,881	13,444
16. Total members months (Column 6, Line 7)	435,119	307,551	224,742	174,289	120,088
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	79	79	85	87	93
19. Cost containment expenses	0	X X X	X X X	X X X	X X X
20. Other claims adjustment expenses	1				
21. Total underwriting deductions (Line 23)	86	86	93	94	98
22. Total underwriting gain (loss) (Line 24)	8	12	7	6	2
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Column 5)	7,524,778	6,468,008	7,841,477	3,151,490	2,059,650
24. Estimated liability of unpaid claims-[prior year (Line 12, Column 6)]	8,673,483	9,271,112	8,985,868	3,511,410	1,619,261
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) ...					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) ...					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States				
	2.	Canada				
	3.	Other Countries				
	4.	Totals				
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States				
	22.	Canada				
	23.	Other Countries				
	24.	Totals				
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds				
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States	1,043,212	1,043,212	1,043,212	
	50.	Canada				
	51.	Other Countries				
	52.	Totals	1,043,212	1,043,212	1,043,212	
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks	1,043,212	1,043,212	1,043,212	
	55.	Total Stocks	1,043,212	1,043,212	1,043,212	
	56.	Total Bonds and Stocks	1,043,212	1,043,212	1,043,212	

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year ..	<u>1,030,684</u>	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	<u>12,528</u>	6.1 Column 15, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1.....	
3.1 Columns 12 + 13 - 14, Part 1.....		6.3 Column 16, Part 2, Section 2.....	
3.2 Column 18, Part 2, Section 1.....		6.4 Column 15, Part 4.....	
3.3 Column 15, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	<u>1,043,212</u>
3.4 Column 14, Part 4.....		8. Total valuation allowance.....	
4. Total gain (loss), Column 19, Part 4.....		9. Subtotal (Lines 7 plus 8).....	<u>1,043,212</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	
Column 7, Part 4.....		11. Statement value of bonds and stocks, current period.....	<u>1,043,212</u>

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
				3	4	5	6	7	8
State, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No ..	No ..						
2.	Alaska (AK)	No ..	No ..						
3.	Arizona (AZ)	No ..	No ..						
4.	Arkansas (AR)	No ..	No ..						
5.	California (CA)	No ..	No ..						
6.	Colorado (CO)	No ..	No ..						
7.	Connecticut (CT)	No ..	No ..						
8.	Delaware (DE)	No ..	No ..						
9.	District of Columbia (DC)	No ..	No ..						
10.	Florida (FL)	No ..	No ..						
11.	Georgia (GA)	No ..	No ..						
12.	Hawaii (HI)	No ..	No ..						
13.	Idaho (ID)	No ..	No ..						
14.	Illinois (IL)	No ..	No ..						
15.	Indiana (IN)	No ..	No ..						
16.	Iowa (IA)	No ..	No ..						
17.	Kansas (KS)	No ..	No ..						
18.	Kentucky (KY)	No ..	No ..						
19.	Louisiana (LA)	No ..	No ..						
20.	Maine (ME)	No ..	No ..						
21.	Maryland (MD)	No ..	No ..						
22.	Massachusetts (MA)	No ..	No ..						
23.	Michigan (MI)	No ..	Yes ..			76,390,202			
24.	Minnesota (MN)	No ..	No ..						
25.	Mississippi (MS)	No ..	No ..						
26.	Missouri (MO)	No ..	No ..						
27.	Montana (MT)	No ..	No ..						
28.	Nebraska (NE)	No ..	No ..						
29.	Nevada (NV)	No ..	No ..						
30.	New Hampshire (NH)	No ..	No ..						
31.	New Jersey (NJ)	No ..	No ..						
32.	New Mexico (NM)	No ..	No ..						
33.	New York (NY)	No ..	No ..						
34.	North Carolina (NC)	No ..	No ..						
35.	North Dakota (ND)	No ..	No ..						
36.	Ohio (OH)	No ..	No ..						
37.	Oklahoma (OK)	No ..	No ..						
38.	Oregon (OR)	No ..	No ..						
39.	Pennsylvania (PA)	No ..	No ..						
40.	Rhode Island (RI)	No ..	No ..						
41.	South Carolina (SC)	No ..	No ..						
42.	South Dakota (SD)	No ..	No ..						
43.	Tennessee (TN)	No ..	No ..						
44.	Texas (TX)	No ..	No ..						
45.	Utah (UT)	No ..	No ..						
46.	Vermont (VT)	No ..	No ..						
47.	Virginia (VA)	No ..	No ..						
48.	Washington (WA)	No ..	No ..						
49.	West Virginia (WV)	No ..	No ..						
50.	Wisconsin (WI)	No ..	No ..						
51.	Wyoming (WY)	No ..	No ..						
52.	American Samoa (AS)	No ..	No ..						
53.	Guam (GU)	No ..	No ..						
54.	Puerto Rico (PR)	No ..	No ..						
55.	U.S. Virgin Islands (VI)	No ..	No ..						
56.	Canada (CN)	No ..	No ..						
57.	Aggregate other alien (OT)	X X X ..	X X X ..						
58.	TOTAL (Direct Business)	X X X ..	(a). 1 ..			76,390,202			
DETAILS OF WRITE-INS									
5701	.....							
5702	.....							
5703	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)								

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART
ORGANIZATIONAL CHART

McLAREN HEALTH CARE

